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EXAMINER

SNAPP, SANDRA S

ART UNIT PAPER NUMBER

3624

DATE MAILED: 04/20/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/574,294

Applicant(s)

BODURTHA ET AL.

Examiner

Sandra Snapp

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 10 February 2003.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-23 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-23 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 19 May 2000 is/are: a) ☐ accepted or b) ☒ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. _____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- ☒ Notice of References Cited (PTO-892)
- ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date _____
- ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____
- ☐ Notice of Informal Patent Application (PTO-152)
- ☐ Other: _____

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Response to Amendment

Current Status of Claims

Claims 1-23 are currently pending in the application. The drawings were previously objected to, such objection remains and is herein repeated. Claims 1-16 were previously rejected under 35 U.S.C. 112, second paragraph, as being indefinite, such rejection has been overcome. Claims 1-15 were previously rejected under 35 U.S.C. 102(b) as being anticipated by the Merrill Lynch HOLDERS article, such rejection is herein withdrawn in view of the new rejections. Claims 1-4, 6, 7 and 12-13 were previously rejected under 35 U.S.C. 102(e) as being anticipated by the Weiss patent, such rejection remains and is herein repeated. Claim 16 was previously rejected as being obvious in view of the Merrill Lynch HOLDERS article as modified by the Christofich patent, such rejection is herein withdrawn in view of the newly issued rejections.

Drawings

The drawings remain objected to because the legend for Figure 1 has not been amended to identify Figure 1 as 'Prior Art.' The Examiner acknowledges the Applicant's request to add the legend "Prior Art" to Figure 1, but the Patent Office no longer makes such drawings changes on behalf of the Applicant. It is the Applicant's responsibility to submit new drawings with the changes reflected therein.

Claim Rejections - 35 USC § 112

The following is a quotation of the second paragraph of 35 U.S.C. 112:

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The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

The rejection of claims 1-16 under 35 U.S.C. 112 in the Office Action dated 9-5-02 has successfully been overcome. However further review of the application has identified the following 112 issues. Claims 1-6, 9-11 and 20-23 are rejected under 35 U.S.C. 112, second paragraph.

Claims 1-6 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claims 1-6 are indefinite because they are drawn to a “system” however it is unclear what is meant by “system.” That is, is the system of claim 1-6 meant to be a computer system, or a method of some sort? For example the claims states, “means for generating Security Receipts having said beneficial interest” – is this a printer or some other sort of entity that actually can create a document having legal rights or interests therein. Also, it is unclear what is meant by “Trustee.” Is this a specific person, legal entity or physical structure of some kind? Another indefiniteness issue with regard to claims 1-6 is whether the claim is directed to some sort of structure or some sort of legal agreement. Claim 1 states a “computer system” in the body of the claim, however the remaining claim language is all directed to what appears to be some form of legal instrument, not a computer system. Clarification is required.

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Claims 9-11 and 20-23 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claim 9-11 and 20-23 are indefinite because it is unclear from the claim language whether a combination, or some type of apparatus (in this case a security vehicle in claim 9 and a processing system in claim 20) is being claimed. The preamble states a combination is being claimed, however the body of the claim appears to be directed more to the security vehicle alone. This same issue applies to claims 20-23. Clarification is required.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 7 and 12 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Claims 7-19 are directed to non-statutory subject matter because they lack any recitation of technology in the body of the claims. The Patent Office has taken the position that some form of technology is required in the body of the claims. The Board of Patent Appeals and Interferences has stated that claims lacking any technology are “nothing more than [an] abstract idea which is not tied to any technological art and is not a useful art as contemplated by the Constitution.” *Ex parte Bowman*, 61 USPQ2d 1669, 1671 (Bd. Pat. App. & Inter. 2001) (Unpublished). While it is understood that the Bowman case is not precedential, it is cited herein for its content and reasoning.

Claims 9-11 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Claims 9-11 are also non-statutory because they appear to be for a security vehicle only, as defined by means-plus function language. The preamble recites "In combination in a tradeable security vehicle" however, there does not appear to be any combination of elements, the body of the claim language is directed only to the security vehicle. There is no clear statutory classification for the security vehicle itself and such a vehicle is interpreted as being a contract of sorts as defined in the claim. The means-plus-function language, as used in claims 9-11 is directed more to the underlying legal elements that form and/or define the security vehicle, and as such is considered to be either abstract ideas or functional descriptive language. For patentability purposes, neither is acceptable subject matter upon which to base a patent on.

Claim Rejections - 35 USC § 102

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371(c) of this title before the invention thereof by the applicant for patent.

The changes made to 35 U.S.C. 102(e) by the American Inventors Protection Act of 1999 (AIPA) and the Intellectual Property and High Technology Technical Amendments Act of 2002

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do not apply when the reference is a U.S. patent resulting directly or indirectly from an international application filed before November 29, 2000. Therefore, the prior art date of the reference is determined under 35 U.S.C. 102(e) prior to the amendment by the AIPA (pre-AIPA 35 U.S.C. 102(e)).

Claims 7-11 are rejected under 35 U.S.C. 102(b) as being anticipated by the Telebras HOLDRs binder (provided by Applicant primarily under Tab 2).

The Telebras HOLDRs reference discloses a method for creating a tradable Security Receipt, wherein the Security Receipt is an investment instrument evidencing beneficial ownership in one or more securities, comprising:

Providing a bundle of said securities (page 3, section entitled “Why Should I Deposit My Telebras Shares In Order To Receive HOLDRs?”), transferring the bundle of securities to a Trustee (page 3, section entitled “Why Should I Deposit My Telebras Shares In Order To Receive HOLDRs?”), exchanging the bundle for one or more Security Receipts evidencing ownership of the securities (page 3, section entitled “Who Can Own HOLDRs”), distributing dividends, if any, from the securities to the owners of Security Receipts on a pro rata basis (page 6, first paragraph), and exchanging the securities, or a portion thereof, upon surrender of one or more Security Receipts evidencing ownership of the securities (page 3, section entitled “Who Can Own HOLDRs”) (claim 7); and

Notifying the owners of the Securities Receipts of voting rights related to the securities and soliciting votes from the owners (page 6, 4th paragraph) (claim 8).

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The Telebras HOLDRs reference discloses a security vehicle comprising:

Dividend and voting pass-through means allowing holders thereof corresponding rights to dividend income and ownership voting rights in the underlying securities (page 6, 1st and 4th paragraphs), vehicle exchange means for converting the tradable security vehicle into a select interest in the underlying securities (page 3, section entitled “Who Can Own HOLDRs?”), and vehicle arbitrage means for creating additional tradable security vehicles having identical characteristics at a price corresponding to the underlying securities (page 3, section entitled “Who Can Own HOLDRs?”) (claim 9);

The vehicle exchange means comprises operation of a trustee and includes purchases and/or redemptions of underlying securities on an Exchange (page 3, section entitled “Why Should I Deposit My Telebras Shares In Order To Receive HOLDRS, and page 2, section entitled “What Options Do I Have?”) (claim 10); and

The vehicle arbitrage means comprises operation of a trustee and includes accepting the underlying securities in exchange for a corresponding security vehicle (page 3, section entitled “Why Should I Deposit My Telebras Shares In Order To Receive HOLDRS) (claim 11).

Claims 1-4, 6-7, 12-13 and 20-23 are rejected under 35 U.S.C. 102(e) as being anticipated by the Weiss patent (US 5, 987,435).

The Weiss patent discloses a system for managing one or more Security Receipts, each said Security Receipt evidencing a beneficial interest in underlying securities, the system comprising:

A Trustee holding the underlying securities (proxy asset account manager, col. 5, lines 61-67), a computer system with associated memory for storing data relating to the underlying securities and the Security Receipts (col. 5, lines 50-58), means for generating Security Receipts having said beneficial interest, based on said underlying securities ('issuing' proxy assets, col. 6, lines 1-2), and means for accepting a further deposit from a Depositor of underlying securities in exchange for one or more newly issued Securities Receipts (col. 5, lines 61-67), or canceling a Securities Receipt in exchange for transferring the underlying securities to an owner of said Securities Receipt (col. 5, lines 61-67) (claim 1);

The underlying securities for said Securities Receipt have a common characteristic (real estate, col. 6, lines 21-24) (claim 2);

Means for accepting further deposits for a newly issued Securities Receipt (col. 5, lines 61-67) and means for canceling a Security Receipt in exchange for corresponding underlying securities (col. 5, lines 61-67) (claim 3);

Means for trading Security Receipts (col. 5, lines 58-67) (claim 4); and

Means for distributing a dividend granted or other distribution with respect to a security underlying a Security Receipt to the owner of the Security Receipt (col. 6, lines 1-20) (claim 6).

The Weiss patent discloses a method for creating a tradable Security Receipt, wherein the Security Receipt is an investment instrument evidencing beneficial ownership in one or more securities, comprising:

Providing a bundle of said securities (col. 5, lines 4-15), transferring the bundle of securities to a Trustee (col. 22, lines 11-22), exchanging the bundle for one or more Security

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Receipts evidencing ownership of the securities (col. 9, lines 36-43), distributing dividends, if any, from the securities to the owners of Security Receipts on a pro rata basis (col. 4, lines 21-26), and exchanging the securities, or a portion thereof, upon surrender of one or more Security Receipts evidencing ownership of the securities (col. 5, lines 4-15) (claim 7).

The Weiss patent shows a method of trading interest in capitalized securities, the method comprising the steps of:

Creating a tradable security vehicle, corresponding in value to a portfolio of select underlying securities having a common characteristic (col. 5, line 58 through col. 6, line 20), establishing a trustee for issuing the tradable security vehicle, holding title to plural securities in the portfolio of select underlying securities (proxy asset account manager, col. 5, lines 61-67), and redeeming the tradable security vehicle pursuant to predetermined vehicle processing constraints (col. 5, line 58 through col. 6 line 20), passing through to the holder of the tradable security vehicle dividend and ownership participation in the portfolio of underlying securities (col. 4, lines 21-26), and operating an exchange having listed securities that include one or more of the tradable security vehicles (col. 5, line 58 through col. 6 line 20) (claim 12); and

The trustee operates to provide the passing through of dividend and ownership participation (col. 4, lines 21-26) (claim 13).

The Weiss patent discloses a data processing system including:

Network platform, interconnected with plural workstations (col. 15, line 55 through col. 16, line 34) for creating Security Receipts from underlying securities tracking Security Receipt

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ownership and managing communications to participants regarding rights in the underlying securities, and Security Receipt trustee (col. 15, line 55 through col. 16, line 34), and a communication server linking trustee to participants and investors wherein information is communicated to the participants reflecting charges in ownership or transactions relating to the Security Receipt (col. 5, lines 50-57) (claim 20);

Programming to manage the issuance and redemption of Security Receipt (col. 7, lines 9-42) (claim 21);

Programming to modify a composition of underlying securities for the Security Receipt (col. 5, lines 4-15) (claim 22); and

The programming includes a portfolio rebalancing based on a merger or acquisition of a company having stock in the underlying securities (col. 5, lines 4-15) (claim 23).

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1-6, 12-19 are rejected under 35 U.S.C. 103(a) as being unpatentable over the Telebras HOLDRs binder (provided by Applicant primarily under Tab 2).

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The Telebras HOLDRs reference discloses a system for managing one or more Security Receipts, each said Security Receipt evidencing a beneficial interest in underlying securities, the system comprising:

A Trustee company holding the underlying securities (Bank of New York, page 2, section entitled “What are HOLDRs?” and page 3, section entitled “Why Should I Deposit My Telebras Shares In Order To Receive HOLDRs?” – single unit and Bank of New York acting as Depository, page 2, section entitled “What Are HOLDRs?”), a computer system with associated memory for storing data relating to the underlying securities and the Security Receipts (Examiner takes Official Notice that it is well known in the art that securities management systems are electronically available and used, making such systems electronically available would have been obvious to one of ordinary skill in the art at the time the invention was made so as to make the entire process accessible, easy, current and manageable), means for generating Security Receipts having said beneficial interest, based on said underlying securities (page 5, section entitled “Description of HOLDRs”), and means for accepting a further deposit from a Depositor of underlying securities in exchange for one or more newly issued Securities Receipts (page 3, section entitled “Who Can Own HOLDRs”), or canceling a Securities Receipt in exchange for transferring the underlying securities to an owner of said Securities Receipt (page 5, section entitled “What If I Change My Mind”) (claim 1);

The underlying securities for said Securities Receipt have a common characteristic (telecommunications companies, page 2, section entitled “How Does This Affect Me?”) (claim 2);

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Means for accepting further deposits for a newly issued Securities Receipt (page 3, section entitled “Who Can Own HOLDERS?”) and means for canceling a Security Receipt in exchange for corresponding underlying securities (page 3, section entitled “Who Can Own HOLDERS?”) (claim 3);

Means for trading Security Receipts (page 2, section entitled “What Are HOLDERS?”) (claim 4);

Means permitting an owner of a Security Receipt to vote an underlying security (page 6, 4th paragraph) (claim 5); and

Means for distributing a dividend granted or other distribution with respect to a security underlying a Security Receipt to the owner of the Security Receipt (page 6, first paragraph) (claim 6).

The Telebras HOLDERS reference shows a method of trading interest in capitalized securities, the method comprising the steps of:

Creating a tradable security vehicle, corresponding in value to a portfolio of select underlying securities having a common characteristic (page 2, section entitled “What are HOLDERS? and “What Are The Benefits Of HOLDERS?”), establishing a trustee for issuing the tradable security vehicle, holding title to plural securities in the portfolio of select underlying securities (page 3, section entitled “Why Should I Deposit My Telebras Shares In Order To Receive HOLDERS?”), and redeeming the tradable security vehicle pursuant to predetermined vehicle processing constraints (page 2, section entitled “What Are HOLDERS” – redemption is inherent in exchange traded instruments), passing through to the holder of the tradable security

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vehicle dividend and ownership participation in the portfolio of underlying securities (page 3, section entitled “Are There Any Other Fees Associated With HOLDERS?”), and operating an exchange having listed securities that include one or more of the tradable security vehicles (page 2, section entitled “What Options Do I Have?” and “What Are HOLDERS?”) (claim 12);

The trustee operates to provide the passing through of dividend and ownership participation (page 3, section entitled “Who Can Own HOLDERS?” and “Why Should I Deposit My Telebras Shares In Order To Receive HOLDERS?”) (claim 13);

The common characteristic for the underlying securities is a business directed to Internet-based commerce (page 2, section entitled “What Are The Benefits Of HOLDERS?” telecommunications) (claim 14);

The trustee periodically issues and redeems the tradable security vehicle (inherent in instruments on NYSE) (claim 15);

The trustee holds title of the tradable security vehicle and coordinates transactions thereof through a Depository Trust Company (DTC) (page 2, section entitled “What Are HOLDERS?”) (claim 16);

The common characteristic for the underlying securities is a business selected from the group of Pharmaceutical, Internet, Biotechnology, and Genetics (page 2, section entitled “What Are The Benefits Of HOLDERS?” telecommunications) (claim 17);

The common characteristic for the underlying securities is a business having a select capitalization (page 2, section entitled “What Are The Benefits Of HOLDERS?”) (claim 18); and

The common characteristic for the underlying securities is a trading level of a select volume range (page 2, section entitled “What Are HOLDERS?”) (claim 19).

Response to Arguments

Applicant's arguments with respect to claims 1-16 have been considered but are moot in view of the new ground(s) of rejection.


Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Sandra Snapp whose telephone number is 703-305-6940. The examiner can normally be reached on Mon.-Thurs..

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached on 703-308-1065. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

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